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CLAIMS

What is claimed is:

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1. A method of creating a liner in a borehole having an interior wall and located in a subterranean formation comprising:

5 circulating settable material into the borehole wherein the settable material sets on at least a portion of the interior wall of the borehole to create a liner along the wall of the borehole;

agitating the settable material inside the borehole between the interior wall of the borehole and a drill string to prevent the settable material from setting in the center of the borehole; and

removing excess settable material out of the borehole before the settable material has completely set.

- 2. The method of claim 1 wherein the settable material comprises high-strength cement containing steel or carbon fibers.
- 15 3. The method of claim 1 wherein the agitation preventing the settable material from setting is from the circulation of the settable material.
 - 4. The method of claim 1 wherein the agitation preventing the settable material from setting is from the movement of the drillstring.
- 5. The method of claim 4 wherein the agitation preventing the settable material from setting further includes agitation from a shearing device located on the drillstring.
 - 6. The method of claim 1 wherein the removing excess settable material includes circulating the settable material out of the borehole before the settable material has completely set.

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- 7. The method of claim 1 wherein the removing of excess settable material includes drilling and circulating the excess settable material out of the borehole before the settable material has completely set.
- 8. The method of claim 1 further comprising drilling the borehole after the excess settable material has been removed.
 - 9. The method of claim 8 further comprising reaming the borehole as the borehole is being drilled.
 - 10. The method of claim 8 further comprising producing hydrocarbons from the borehole.
- 10 11. A method of creating a casing in a borehole with an interior wall located in a subterranean formation, comprising:
 - (a) drilling a borehole with a drill bit on a drill string;

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- (b) placing settable material into an annulus within the borehole to a desired fill height wherein the settable material sets on at least a portion of the interior wall of the borehole to create a liner along the at least the portion of the interior wall of the borehole;
- (c) moving the drill string to prevent the settable material from completely plugging the borehole; and
- (d) circulating drilling mud containing a set retarder to remove the unsetsettable material near the drill string.
 - 12. The method of claim 11 further comprising repeating steps (c) and (d) until the lining has hardened
 - 13. The method of claim 11 further comprising repeating steps (a) through (d) until the borehole has been drilled to the desired distance with a cast-in-place liner.

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- 14. The method of claim 11 further comprising continuing drilling the borehole with a drill bit on a drill string after the unset settable material has been removed.
- 15. The method of claim 14 further comprising reaming the borehole as the borehole is being drilled.
- 5 16. The method of claim 11 further comprising producing hydrocarbons from the borehole.
 - 17. A method of creating a borehole liner having an interior wall located in a subterranean formation, comprising:

providing a sacrificial liner inside the borehole to create an annular space between the sacrificial liner and the interior wall of the borehole, wherein there are no pipes inside the sacrificial liner;

circulating settable material into the borehole outside the sacrificial liner wherein the settable material occupies at least a portion of the space between the sacrificial liner and the interior wall of the borehole to create a liner between the sacrificial liner and interior wall of the borehole;

drilling out at least a portion of the liner and at least a portion of the sacrificial liner to create the borehole liner, wherein the borehole liner has a hollow core inside the borehole; and

continuing drilling of the borehole beyond the sacrificial liner with a drill bit on a drill string after the sacrificial liner has been drilled out.

- 18. The method of claim 17 wherein the sacrificial liner comprises a liner formed from a plastic material.
- 19. The method of claim 17 further comprising reaming the borehole as the borehole is being drilled.

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- 20. The method of claim 17 further comprising producing hydrocarbons from the borehole.
- 21. The method of claim 17 wherein the sacrificial liner is an easily drillable material with a tensile strength of less than 448 Mpa (65,000 psi).
- 5 22. The method of claim 17 wherein the sacrificial liner is an easily drillable material with a tensile strength of less than 172 Mpa (25,000 psi).
 - 23. The method of claim 17 wherein the sacrificial liner is an easily drillable material with a tensile strength of less than 103 Mpa (15,000 psi).